

SENATE BILL

No. 25

Introduced by Senator Knight

May 17, 2001

An act to ~~amend Section 743 of the Public Utilities~~ add Section 80110.5 to the Water Code, relating to ~~public utilities~~ energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 25, as introduced, Knight. ~~Electrical corporations: interruptible service contracts~~ Military basics: purchase of power.

Existing law authorizes the Department of Water Resources to enter into contracts for the purchase of electric power, to sell power to retail end-use customers and, with certain exceptions, to local publicly owned electric utilities at not more than the department's acquisition costs. Existing law provides that the department retains title to all power sold by it to the retail end-use customers. After the passage of a specified period of time, existing law suspends the right of retail end-use customers to acquire service from other providers until the department no longer supplies power under that provisions.

This bill would prohibit the suspension, pursuant to that provision, of the right of a military base to acquire service from other providers as a retail end-use customer.

~~Existing law permits the Public Utilities Commission to approve contracts, of not more than 10 years' duration, between an electrical corporation and a heavy industrial customer in which the electrical corporation buys from the heavy industrial customer the right to interrupt the customer's service on short notice, as determined by the commission. Existing law also requires every electrical corporation furnishing electricity to a heavy industrial company to file with the~~

~~commission a tariff providing rates that are lower than the system average rate.~~

~~This bill would require the commission to annually provide a 30-day period for heavy industrial customers that have entered into a contract with an electrical corporation for interruptible service to opt-out of that contract. The bill would also prohibit the commission from suspending any portion of the interruptible tariffs that allow a heavy industrial customer to opt-out of an interruptible service contract.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. — Section 743 of the Public Utilities Code is~~
2 ~~SECTION 1. Section 80110.5 is added to the Water Code, to~~
3 ~~read:~~
4 ~~80110.5. Notwithstanding Section 80110, the right of a~~
5 ~~military base to acquire service directly from other providers as a~~
6 ~~retail end-use customer may not be suspended pursuant to that~~
7 ~~section.~~
8 ~~amended to read:~~
9 ~~743. — (a) As used in this section, “steel producer” means a~~
10 ~~producer of steel products in California which in 1981 or any~~
11 ~~subsequent year produced at least 75,000 tons of rolled or finished~~
12 ~~steel and which has a maximum demand for electricity of 4,000~~
13 ~~kilowatts or more at one plant location. Any steel producer which~~
14 ~~transfers any substantial amount of employment from its facilities~~
15 ~~in this state to any out-of-state facility or otherwise substantially~~
16 ~~reduces employment at its facilities in this state below the June 30,~~
17 ~~1985, level, or fails to maintain and make reasonable and prudent~~
18 ~~investments in its facilities, as determined by the commission, is~~
19 ~~ineligible for any electric rate established pursuant to this section.~~
20 ~~(b) As used in this section, “frozen food processor” means a~~
21 ~~corporation or person engaged in the processing of food in~~
22 ~~California, which food is classified according to the Standard~~
23 ~~Industrial Classification Manual, 1972, in Industry No. 2037 and~~
24 ~~Industry No. 2038 of Group 203, of Food and Kindred Products~~
25 ~~Major Group 20, as specified in Section 2900.3 of Title 7 of the~~
26 ~~Code of Federal Regulations. “Processing of food” includes the~~
27 ~~postprocessing storage of frozen food in a warehouse, or other~~

1 facility, until the frozen food leaves the control or responsibility
2 of the frozen food processor or until the frozen food processor no
3 longer has an obligation to store the food.

4 (e) As used in this section, “system average rate” means total
5 jurisdictional revenues of the electrical corporation divided by
6 total jurisdictional sales.

7 (d) Every electrical corporation furnishing electricity to a steel
8 producer, frozen food processor, or other heavy industry
9 customer, as determined and specified by the electrical
10 corporation, shall prepare and file tariffs providing rates which
11 shall be lower than the system average rate and take into
12 consideration all of the following:

13 (1) Specific service requirements of individual customers,
14 including, but not limited to, reliability, interruptability, quantity
15 of use, and requirements of voltage.

16 (2) Incentives to achieve conservation, improvements in
17 efficiency, and time-of-day load shifting.

18 (3) Implementation at the option of the customer.

19 (4) Cost of service.

20 (e) The commission shall consider and approve tariffs which
21 shall be consistent with this section and which shall be in effect on
22 and after July 1, 1992.

23 (f) (1) The commission may approve contracts between an
24 electrical corporation and its heavy industrial customers as
25 determined by the electrical corporation, of not more than ten
26 years’ duration, in which the electrical corporation buys from the
27 heavy industrial customer the right to interrupt the customer’s
28 service on short notice, as determined by the commission. The
29 payment mechanism may include a discounted rate for service. In
30 approving and determining the reasonableness of these contracts,
31 the commission may consider, among other things, the price paid
32 by the electrical corporation for the right to interrupt, the value of
33 that right to the utility system and its ratepayers, and the benefits
34 to the ratepayers and the people of the state of retaining heavy
35 industrial customers. Throughout the term of any of these
36 contracts, the commission shall have the right to amend the
37 contract. Every contract subject to this subdivision shall include a
38 provision indicating that the contract is subject to amendment by
39 the commission as provided in this subdivision. This subdivision

1 ~~does not supersede the requirement of subdivision (d) that the~~
2 ~~commission establish a heavy industrial tariff.~~
3 ~~(2) (A) Notwithstanding paragraph (1), the commission shall~~
4 ~~annually provide a 30-day period for heavy industrial customers~~
5 ~~that have entered into a contract with an electrical corporation for~~
6 ~~interruptible service to opt-out of that contract.~~
7 ~~(B) The commission shall not suspend any portion of the~~
8 ~~interruptible tariffs that allow heavy industrial customers to~~
9 ~~opt-out of an interruptible service contract.~~

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